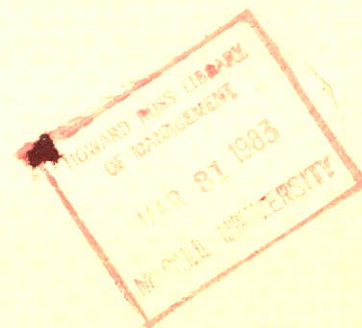


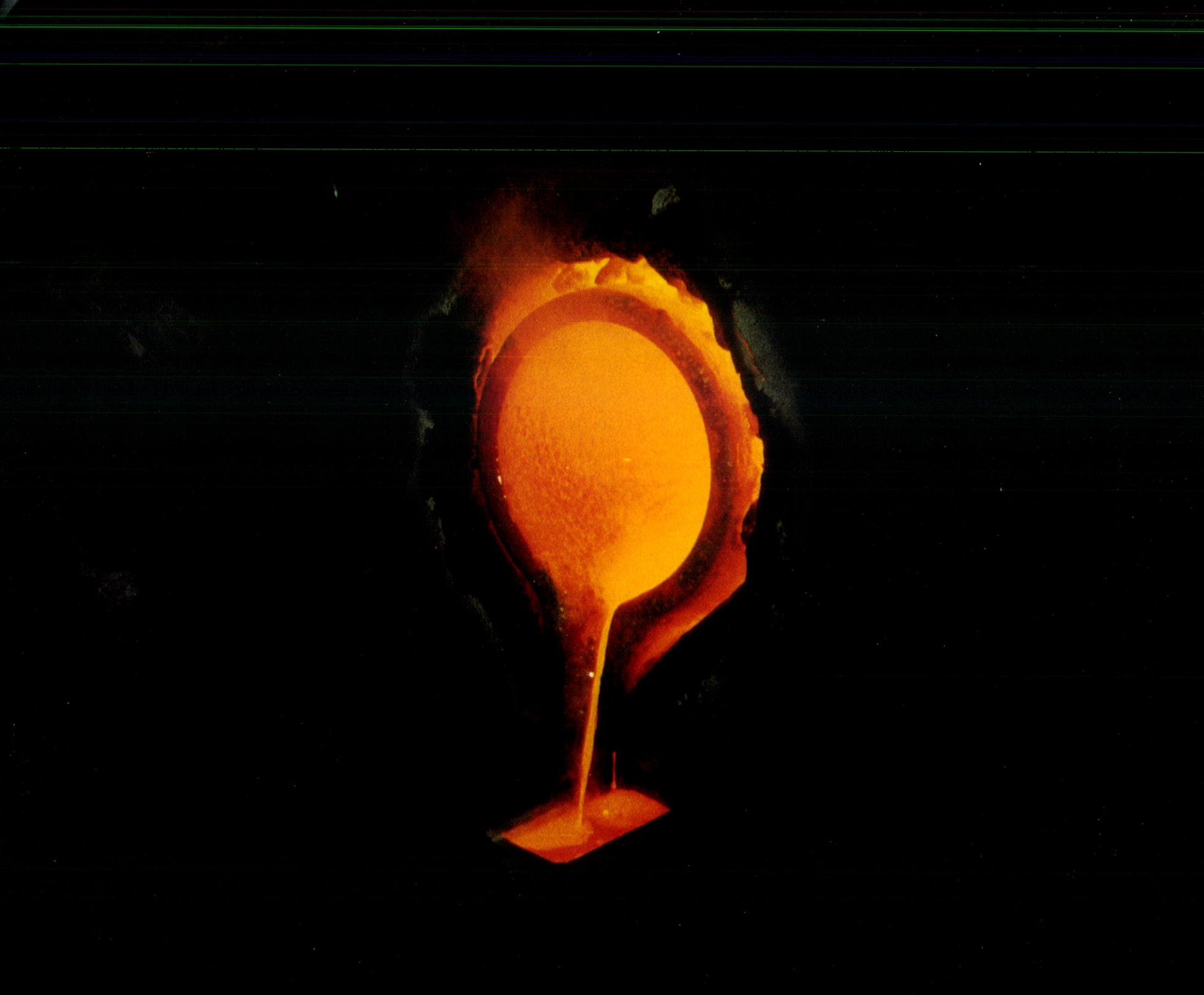


Kerr Addison Mines Limited

Annual Report 1982



Nearing the top during the pouring of the gold bullion bar containing the ten millionth ounce of gold produced from the Kerr Addison mine at Virginiatown, Ontario.



Kerr Addison Mines Limited

DIRECTORS:

†*Ian D. Bayer
President & Chief Executive Officer
Kerr Addison Mines Limited

*P. S. Cross
Executive Vice-President &
Chief Operating Officer
Kerr Addison Mines Limited

John P. Fisher
Chairman & Chief Executive Officer
Fraser Inc.

J. A. Hall
Senior Vice-President — Mines
Noranda Mines Limited

J. O. Hinds
Senior Vice-President —
Exploration & Development
Noranda Mines Limited

Gilbert Kerlin
Partner
Shearman & Sterling

†James W. McCutcheon, Q.C.
Partner
Shibley, Righton & McCutcheon

D. G. Neelands, Q.C.
Company Director

*J. P. W. Ostiguy, O.C.
Honorary Chairman
Richardson Greenshields of Canada Limited

†*Alfred Powis
Chairman & Chief Executive Officer
Noranda Mines Limited

*W. S. Row
Chairman of the Board
Kerr Addison Mines Limited

D. E. G. Schmitt
Chairman
Pamour Porcupine Mines, Limited

*Member of the Executive Committee
†Member of the Audit Committee

OFFICERS:

W. S. Row
Chairman of the Board

Ian D. Bayer
President & Chief Executive Officer

P. S. Cross
Executive Vice-President &
Chief Operating Officer

D. A. Lowrie
Vice-President — Exploration

A. H. Cross
Treasurer

J. B. Sage
Secretary

OPERATIONS:

The Kerr Addison Mine
D. S. Douglass, Manager

Agnew Lake Mines Limited
L. H. Heymann, Manager

Mogul of Ireland Limited
P. S. Cross, Chairman
& Managing Director

W. E. Hitchman, Manager

HEAD OFFICE AND EXPLORATION OFFICE:

P.O. Box 91
Commerce Court West
Toronto, Ontario
M5L 1C7

REGISTRAR AND TRANSFER AGENTS:

Canada Permanent Trust Company, Toronto
Registrar & Transfer Company, New York, N.Y.
and Jersey City, N.J.

ANNUAL MEETING OF SHAREHOLDERS:

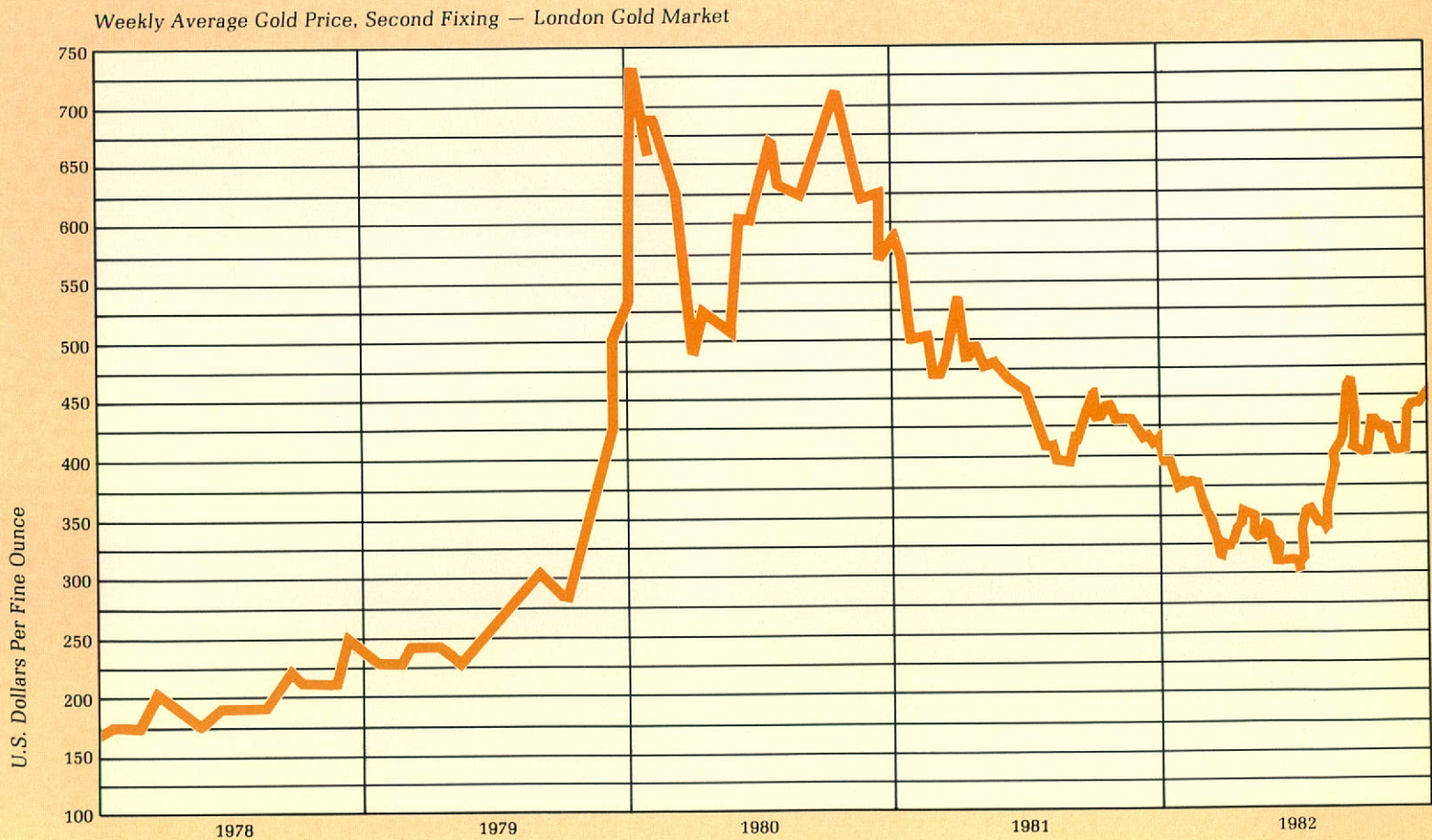
Tuesday, May 3, 1983, 12:00 noon
in Commerce Hall, Commerce Court West,
King and Bay Streets,
Toronto, Ontario.

Financial Summary:

	1982	1981	1980	1979	1978
Millions of Dollars					
Production revenue	\$ 55.0	\$ 67.6	\$ 69.8	\$ 54.8	\$ 40.8
*Net income (loss)	9.1	46.0	47.3	(5.7)	15.6
Working capital (deficit)	51.6	21.7	23.7	39.6	(1.0)
Dollars Per Share					
*Net income (loss)	\$ 0.89	\$ 4.90	\$ 5.07	\$(0.61)	\$ 1.68
Dividends declared	.60	.60	.40	.10	.50

*Restated for 1978

The Gold Picture:





Members of the Kerr Addison mine's management staff were on hand for the ceremony, front row, from left, Bill Jacko, Ed Massicotte, Jerry Gibson. Middle row, from left, Art Kirby, Mac Plaunt, Maynard Roy, Harry Lamb. Back row, from left, Joe Cesnek, Norm Faulkner, Lou Bougie, Rod Doran, Doug Douglass.



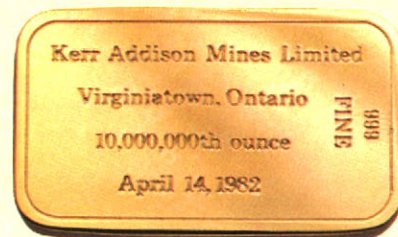
Some of the Company's officers and directors were also in attendance for the pouring, and are shown here with Mr. Row. Front row at left, William James, then President, and at right, P. S. Cross, Executive Vice-President, middle row from left, Ian D. Bayer, President, John B. Sage, Secretary, and J. O. Hinds, Director. Back row from left, D. S. Douglass, Mine Manager and J. R. Doran, General Superintendent.



A group of long-time (over 35 years' service) employees of Kerr Addison, some of whom are retirees. Front from left, Ron Stevens, Bill Jacko, W. S. Row, Lionel Thomas and Gerry Yandeau. Middle row from left, Joe Teal, Laurier Gosselin, Cliff Patterson and Alex Ewusiak. Back row from left, Bruce Drummond, Arnold Jack and Bill Smith.



W. S. Row, Chairman of the Board, addressing the guests at a luncheon held following the ceremony.



Replicas of a one ounce gold bar were distributed as a memento of the occasion.

Directors' Report to the Shareholders



W. S. Row completing the pouring on April 14, 1982 of the gold bullion bar containing the Kerr Addison mine's ten millionth ounce of gold.

After 44 years of continuous production, the Kerr Addison gold mine, located at Virginiatown, Ontario, reached a milestone during the past year, achieved by only four other gold producers in North America. On April 14, 1982, the ten millionth ounce of gold produced from this mine was poured into the 875 ounce gold bullion bar shown on the cover of this Annual Report. The event was marked by a ceremony at the mine's refinery attended by employees — many with over 35 years of service, corporate officers, government representatives and special guests from neighboring mines and communities.

To give some idea of the scale of this achievement, government statistics show that during the 123 year period from 1858 to 1981, Canadian mines had produced a total of approximately 211 million ounces of gold. Three other Canadian gold producers — the Dome, Hollinger and McIntyre mines, have also exceeded the 10 millionth ounce plateau, joining an elite class with the famous Homestake mine located in South Dakota, U.S.A.

The Kerr Addison gold mine's long history began in 1936 with the incorporation of the Company for exploration and development of the gold mineralization indicated on ten patented claims originally staked by two men, H. L. Kerr and W. Addison, in 1906. By early 1937, diamond drilling and underground development indicated a potential of 1,000,000 tons of ore. The original mill was designed for an initial capacity of 500 tons per day. Production began in May 1938 at an average rate of 600 tons per day, increased to 1,200 tons per day in 1940 and again to 1,900 tons per day in 1941. By 1945, with ore reserves of 8,380,000 tons averaging 0.198 ounces of gold

per ton, the decision was made to expand the mill to 4,500 tons per day. In December 1948, the expanded mill went on stream and operated at capacity until 1960. In that year, the Kerr Addison mine's output surpassed even the Homestake mine, and it was ranked as North America's No. 1 gold producer.

The pouring of Kerr Addison's ten millionth ounce at the 1982 ceremony was officially performed by Mr. W. S. Row, Chairman of the Board, a fitting role for the man who was the mine's original Manager from 1937 to 1956. The gold bar pictured on the front cover was the 12,392nd poured since production began in 1938.

* * *

Consolidated net income for 1982 was \$9.1 million, or \$0.89 per share, compared to \$46.0 million or \$4.90 per share in 1981, arising as follows:

(\$ millions)	1982	1981
Earnings from operations	\$9.7	\$11.6
Earnings (loss) from associated companies	(3.2)	11.9
Special items	2.6	22.5
Net income	<u>\$9.1</u>	<u>\$46.0</u>
Net income per share	<u>\$0.89</u>	<u>\$4.90</u>

The reduction in net income had been predicted in early 1982, as it was the Company's view that the substantial earnings from associated companies and large special gains in 1981 would not recur in 1982. The decline in production values reflects the cessation of mining at Mogul of Ireland in July and the loss of zinc production at Canadian Electrolytic Zinc because of a three and one-half month strike.

Earnings from operations declined to \$9.7 million in 1982 from \$11.6 million in 1981

mainly due to a loss incurred at Canadian Electrolytic Zinc and a slightly lower profit contribution from the Kerr Addison gold mine. This decline was somewhat offset by improved results from the Canadian Hunter gas and oil joint venture. The special items in 1982 amounting to \$2.6 million included a further reduction in the mine closure provision for the Agnew Lake uranium property and gains from the sale of assets.

The \$3.2 million loss from associated companies in 1982 reflected primarily Kerr Addison's share of the losses of Noranda Mines Limited for the nine month period ended September 30th. For the whole of 1982, Noranda incurred a loss of \$82.9 million, or \$1.00 per share, compared to earnings of \$164.8 million in 1981. The Company's investment in Noranda had been held through Zinor Holdings Limited, which was 27.34% owned by Kerr Addison. During the fourth quarter of 1982, Zinor was liquidated and its assets were distributed ratably amongst its shareholders.

Kerr Addison received 5.7 million common shares of Noranda as part of this distribution. In a related transaction, it acquired an additional 7.6 million common shares of Noranda from certain other shareholders of Zinor, principally in exchange for a similar number of common shares of Kerr Addison issued from treasury. As a result of these transactions, Kerr Addison's direct holding in Noranda was 13.3 million common shares (10.4%) at December 31, 1982.

The Company's working capital increased by \$29.9 million during the year to a balance of \$51.6 million, or \$3.00 per share, at year end. This increase was due mainly to the receipt of

marketable preferred shares on the distribution of the assets of Zinor Holdings Limited. In addition, funds provided from operations amounted to \$17.5 million, \$6.8 million was received as prepayments for future gas deliveries, and \$4.6 million was received as dividends from associated companies. Expenditures included \$14.1 million on property, plant and equipment, principally gas and oil exploration and development, and \$7.6 million on mine closure programmes, primarily at Agnew Lake. Dividend payments to shareholders amounted to \$0.60 per share, the same as in the previous year.

The Kerr Addison gold mine again provided the largest source of operating profits in 1982. Gold production was 54,600 ounces, an increase of 3,100 ounces over 1981. The price of gold averaged \$376 U.S. per ounce on the London Market in 1982, compared to \$460 U.S. per ounce in the previous year. Proven and probable ore reserves at December 31, 1982 were 696,000 tons grading 0.132 ounces of gold per ton, representing a 10% decline in contained ounces of gold from the previous year end. The Company's mineral exploration programmes continue to concentrate on the search for gold deposits in areas within a practical trucking distance of the Kerr Addison mill.

Operations at the 75% owned Mogul of Ireland property, located in County Tipperary, Republic of Ireland, terminated in July 1982, when economic ore reserves were exhausted. The closure of the mine went exceptionally well, and Mogul paid Kerr Addison \$1.0 million in dividends during the year.

Uranium production from the Agnew Lake

property, located west of Sudbury, Ontario, declined to 170,000 pounds of U_3O_8 in 1982, compared to 321,000 pounds in the previous year. The salvage leaching operation will cease during the first quarter of 1983, at which time the balance of the uranium loan, which will amount to about 20,000 pounds of U_3O_8 , will be repaid from open market purchases. The environmental and close-out programme on the Agnew Lake property is expected to be completed by the end of 1984.

Gas production from the 11.1% owned Canadian Hunter joint venture declined by 4% from 1981 as purchase nominations for gas from the major contracts at Elmworth and Wapiti in the Deep Basin area of Alberta averaged only 62% of contracted quantities. The industry is experiencing serious problems of shut-in and under-utilized capacity as the recession, conservation and price competition have resulted in reduced demands for Canadian natural gas. Kerr Addison's share of 1982 gas production, net of royalty, was 3.3 billion cubic feet (Bcf), or 9 million cubic feet (Mmcf) per day. Despite the reduced production volumes, Canadian Hunter is expected to maintain its position as the 17th largest gas producer in Canada.

The joint venture's gas processing and gathering capacity was substantially increased in the Deep Basin area during 1982, as reserve redeterminations initiated late in the year are expected to result in increased production from existing contracts. Canadian Hunter and Sulpetro Ltd. applied to the Alberta Energy Resources Conservation Board for approval of ethane and heavier liquids extraction facilities at both Elmworth and Wapiti. The Board concluded that these field extraction facilities were in the public interest and issued

conditional approvals early in 1983. Final approval has been deferred for up to six months to provide an opportunity for serious negotiations of alternative arrangements. If these projects proceed on schedule, Kerr Addison's share of the natural gas liquids production should exceed 1,300 barrels per day by mid 1985.

Industry drilling activity in Western Canada declined by 22% relative to 1981, or to the level last experienced in 1976. Canadian Hunter participated in 40 exploratory and development wells, resulting in 13 oil wells, 24 gas wells and 3 abandonments. This represented a reduction of 47% on a footage basis, relative to the previous year's activity. Kerr Addison's share of expenditures amounted to \$5.7 million in 1982. Exploration activity was focussed primarily on lands currently held in the Deep Basin area of Alberta and B.C. Quality hydrocarbon exploration opportunities continue to be recognized from the accumulating data base in the area and improved gas marketing prospects would accelerate their development.

Kerr Addison's share of gas reserves at December 31, 1982, before royalty, was 151 billion cubic feet proven and 248 billion cubic feet proven and probable, a 25% increase over the prior year's reserves.

During 1982, the American Hunter joint venture concentrated on identifying new exploration opportunities, completing land assemblies and drilling and evaluating a number of major projects. There were no significant positive drilling results. Kerr Addison limited its share of expenditures to \$4.7 million U.S., resulting in the Company's interest in the joint venture being reduced from 11.25% to 8.50% during the year.

The 9.8% owned Canadian Electrolytic Zinc reduction plant in Valleyfield, Quebec, produced only 160,000 tons of zinc slab, or 67% of plant capacity during 1982. This reduction was due primarily to the previously mentioned three and one-half month strike, which was settled on September 20th. Additionally, weak zinc markets and reduced operating margins contributed to the loss at C.E.Z. for 1982. The roaster and acid plant expansion there continues to proceed on schedule, with start-up expected in mid 1983.

The past year has seen several changes in the Board of Directors and the Officers of the Company. The resignation of Mr. William James, who had been President and Chief Executive Officer of Kerr Addison since 1973 was reported in May 1982. At that time, Mr. Ian D. Bayer, formerly Vice-President and Treasurer of Kerr Addison, was appointed a Director, President and Chief Executive Officer of the Company. Mr. P. S. Cross, a Director and Executive Vice-President, was appointed Chief Operating Officer. Mr. Arthur H. Cross, formerly Comptroller of the Company, was appointed Treasurer.

In October 1982, with much regret, we reported the untimely death of Mr. Allan Findlay, Q.C., who had been a Director of Kerr Addison since 1972. The Board was deeply saddened by the loss of a good friend whose sincere and able counsel was invaluable. Another vacancy on the Board resulted from the decision of Mr. W. Harold Rea, C.M., F.C.A., to retire. Mr. Rea first became a Director of the Corporation in 1963. His long-time reputation as a financial expert and leader in many fields is well known throughout Canada, and this was duly recognized in 1978 when he was honoured by being named a Member of the Order of

Canada. The Board will miss his wise advice and distinguished presence.

An increase in the number of Directors from 11 to 12 was confirmed by the shareholders at the General Meeting held on November 22, 1982, and it is a pleasure to welcome the three new Directors of the Company; Messrs. John P. Fisher, John A. Hall and Gilbert Kerlin.

The completion of the transactions set out in the business plan which was reported to Shareholders at the General Meeting held on November 22, 1982, has resulted in a stronger and substantially larger Company. The sizable investment in Noranda Mines Limited should allow Kerr Addison to share in the anticipated recovery in the resource and manufacturing industries in which Noranda operates. The Canadian Hunter and C.E.Z. joint ventures are expected to provide increased earnings in the coming years, and the gold mine will continue to be profitable at current prices. The Company participates in a significant number of mineral and petroleum exploration programmes in North America and maintains an aggressive search for additional economic mineral reserves.

Kerr Addison's employees are capable and hard working, and their dedication and efforts during the past year are gratefully acknowledged.

On Behalf of the Board,



Ian D. Bayer
President

Toronto, Canada
February 18, 1983

Report on Mining Operations

THE KERR ADDISON MINE

During 1982, the Kerr Addison gold mine milled a total of 322,034 tons of ore at an average daily rate of 882 tons. This total was made up of 281,091 tons of Kerr ore at a grade of 0.202 while the remaining 40,943 tons were treated on a custom basis. Kerr ore throughput increased 32% over that of 1981, with a slightly lower grade.

Production from Kerr ore alone amounted to 54,610 ounces of gold and 3,406 ounces of silver with a realized value of \$25.1 million or \$89.26 per ton milled. Although the total ounces of gold produced from Kerr ore was 24% higher than in 1981, the price received for gold was considerably lower at \$456 Cdn. compared to \$559 Cdn. for 1981. Mill recovery of gold was 96.7%.

During the year, development advance amounted to 4,356 feet, an increase of 39% over the previous year. Approximately 60% of this footage was on the upper levels of the mine, developing small isolated pods of better than average grade ore. The balance of the development work was performed in preparing large ore blocks in the low grade carbonate areas for open blast hole stoping in 1983.

Mining took place in eight ore bodies throughout the mine. The deep levels of the mine serviced by the No. 4 internal shaft provided 34% of the production. The flow ore areas provided 49% at a grade of 0.274 ounces of gold per ton, with the carbonate ore making up the balance at a grade of 0.122 ounces per ton. The sources of ore broken during the year were 33% from square set mining, 33% from cut and fill, and 24% from shrinkage. Development ore provided 10% of the total tons broken.

Mine operating costs per ton milled were 13% lower than in 1981. This reduction resulted principally from the increased throughput in 1982. Labour and material costs increased 7% and 10% respectively over those of 1981.

At December 31, 1982, the mineable ore reserves with dilution in the proven and probable categories were estimated at 696,000 tons with a grade of 0.132 ounces of gold per ton. After the milling of 281,091 tons in 1982, total reserves in these categories increased by 13,806 tons over those at the end of 1981. In addition, there is approximately 394,000 tons of mineable low grade material with a grade of 0.06 ounces of gold per ton which may be classified as possible ore, depending on the price of gold.

Custom milling commenced in September 1982, with a total of 40,943 tons being treated by the end of the year. It is expected that custom milling will continue throughout 1983.

The workforce at year end stood at 380, a decrease of seven from the same time one year ago. Following conciliation, a new two-year labour agreement was signed and ratified effective July 1, 1982. The accident frequency per million man hours in 1982 was 14 as compared to 11 in 1981. The frequency for all Ontario gold mines for 1982 was 18.

Production commenced at the Kerr Addison mine in May 1938. Since then, to the end of 1982, the mine has produced 10,043,353 ounces of gold having a total historical production value of \$541 million. This was achieved from the milling of 36,437,722 tons of ore having an average recovered grade of 0.276 ounces of gold per ton.

ORIGIN OF THE KERR-ADDISON GOLD MINE:
The following photograph shows original sampling operations at one of the four adits driven in 1936 on the slope of the hill facing North Virginiatown. The rock from these adits was crushed and sampled in a special bulk sampling plant. Gold-bearing sections were indicated in two of the adits and some drifting and diamond drilling was done. Results were not very satisfactory, but before abandoning the project, one deep hole was drilled from surface and it intersected 150 feet of gold ore. As a result, the old Kerr-Addison shaft, previously sunk in 1914 by other owners to a depth of 325 feet, was dewatered and additional development was done on the 175-foot and 300-foot levels. Further diamond drilling eventually outlined several ore bodies containing the large tonnages upon which the initial production decision was based.



MOGUL OF IRELAND LIMITED

Production for 1982 at Mogul of Ireland up to the time of cessation of operations on July 13, 1982, amounted to 380,836 tons at a grade of 3.86% lead and 5.16% zinc producing in concentrates 10,345 tons of lead and 16,932 tons of zinc, resulting in recoveries of 69.8% and 82.7% for lead and zinc respectively.

Following completion of milling, those of the 510 employees who were not required to close the operation, were terminated, with most of them qualifying for a generous redundancy payment. At the year end, personnel had been reduced to four, plus security.

The closure of the Mogul mine at Silvermines, County Tipperary, Ireland, following the depletion of economic reserves, brought to an end what was at one time the largest underground lead/zinc mine in Western Europe. Since commencement of production in May 1968, the concentrator treated 11,857,771 tons of ore at a grade of 2.75% lead and 7.31% zinc. The original in-place ore reserve estimate, compiled in 1965 for feasibility purposes, was 10,255,000 tons grading 2.34% lead and 8.30% zinc.

All of Mogul's mining leases are being maintained in good standing and, through its wholly-owned subsidiary Shallee Exploration (Ireland) Limited, it continues to hold a number of prospecting licences which are being actively explored under a joint venture agreement with Billiton Exploration Ireland Limited.

AGNEW LAKE MINES LIMITED

Production at the Agnew Lake property during 1982 amounted to 169,554 pounds of U_3O_8 bringing the total since commencement of production to 1,915,678 pounds. The salvage leach extraction of uranium continued throughout 1982. The 2,221,000 tons of previously broken ore underground and 1,449,000 tons of ore on the surface leach pile were continuously leached until November, when the decision was made to drain the leach solution from the underground stopes in preparation for the closure of the mine.

During the year, 65% of the uranium recovered came from the underground stopes with the balance coming from the surface leach pile. Since production began in 1977, the cumulative extraction of uranium has been 58% from the underground stopes and 65% from the surface leach pile, for an overall extraction of 60%.

At December 31, 1982, the mineable proven and probable mineral reserves with dilution, in place, broken in the stopes and on the surface leach pile were estimated at 8,976,000 tons containing approximately 7,161,000 pounds of U_3O_8 , or 0.80 pounds per ton.

The ion exchange and solvent extraction plants performed at an overall efficiency of 92.8%, treating 1,428 million litres of solution containing 0.049 grams of uranium per litre. Plant availability was 99%.

Approval has now been received from the Atomic Energy Control Board to decommission and close-out the Agnew Lake uranium mine, mill and waste management system. Work is currently underway on the programme which

is expected to be completed by the fall of 1984.

At the end of the year, the total workforce was 58, a reduction of 15 during the year. Those employees who were laid off received severance pay as part of a plan developed when the salvage leach operation began in September 1979. The accident frequency per million hours worked increased to 17 from 14 the previous year.

EXPLORATION

Total expenditures on mineral exploration in 1982 were approximately \$3.7 million of which 14% were recovered from joint venture parties. Approximately half of Kerr Addison's expenditures of \$3.2 million were applied in search of economic gold deposits in Canada and in the United States.

The Company's exploration programme for uranium on the Comaplex Permit #7 in Saskatchewan will be active in 1983, and the Fernandez joint venture uranium lands in New Mexico are being maintained in good standing.

During the year approximately 150 mining properties were examined, worked or evaluated by Kerr Addison personnel. A total of 25,100 feet of diamond drilling was carried out on seven properties in Ontario, Quebec, Saskatchewan and Nova Scotia. Forty economic evaluations were undertaken for acquisition appraisals.

Respectfully submitted,



P. S. Cross
Executive Vice-President
and Chief Operating Officer

Toronto, Canada
February 18, 1983



Two spectacular examples of the green carbonate ore from the Kerr Addison mine, containing visible gold in quartz.

Consolidated Statement of Operations

For the year ended
December 31, 1982
(with comparative
figures for 1981)

	1982	1981
Operations:		
Value of production	\$55,011,000	\$67,587,000
Cost of production	34,992,000	46,213,000
	20,019,000	21,374,000
Dividends and interest income	3,964,000	4,308,000
	23,983,000	25,682,000
Deduct (add):		
Administrative and general expenses	987,000	757,000
Outside exploration expenses	3,174,000	3,159,000
Depreciation and amortization	3,381,000	3,125,000
Income and mining taxes (including deferred taxes of \$2,140,000 in 1982; \$3,389,000 in 1981)	6,483,000	6,888,000
Minority interest in profit (loss) of a subsidiary company	54,000	(338,000)
Foreign currency translation loss	277,000	469,000
	14,356,000	14,060,000
	9,627,000	11,622,000
Share of (losses) earnings of associated companies (notes 1(a) and 2)	(3,170,000)	11,922,000
Profit before the following	6,457,000	23,544,000
Add:		
Reduction in provision for mine closure associated with the Agnew Lake uranium property (net of tax of \$960,000 in 1982; \$2,400,000 in 1981) (note 3)	2,040,000	5,600,000
Net gain on disposal of investments and other assets (note 5(e))	585,000	16,873,000
Net income for the year	\$ 9,082,000	\$46,017,000
Net income per share (note 4(c))	\$.89	\$4.90

(See accompanying notes to consolidated financial statements)

Consolidated Statement of Retained Earnings

For the year ended
December 31, 1982
(with comparative
figures for 1981)

	1982	1981
Retained earnings at beginning of year	\$163,932,000	\$123,552,000
Add net income for the year	9,082,000	46,017,000
	173,014,000	169,569,000
Deduct dividends (60¢ per share) (note 4(b))	5,696,000	5,637,000
Retained earnings at end of year	\$167,318,000	\$163,932,000

(See accompanying notes to consolidated financial statements)

Auditors' Report

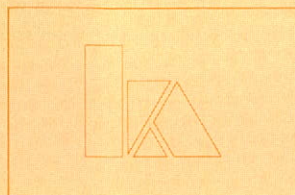
To the Shareholders of
Kerr Addison Mines Limited:

We have examined the consolidated balance sheet of Kerr Addison Mines Limited as at December 31, 1982 and the consolidated statements of operations, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1982 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
February 16, 1983.

Clarkson Gordon
Chartered Accountants



**Kerr
Addison
Mines
Limited**

(Incorporated under the laws of Ontario)

**Consolidated
Balance Sheet**

December 31, 1982
(with comparative figures
at December 31, 1981)

ASSETS	1982	1981
Current:		
Cash, term deposits and short-term notes	\$ 8,232,000	\$ 23,571,000
Marketable securities at cost (quoted market value 1982 — \$50,900,000; 1981 — \$6,765,000) (note 2)	41,908,000	2,866,000
Concentrates, bullion and metals awaiting settlement, in transit and on hand	7,207,000	12,839,000
Accounts and interest receivable	10,460,000	11,003,000
Supplies and materials, at cost	2,914,000	4,933,000
Prepaid expenses	155,000	212,000
Total current assets	70,876,000	55,424,000
Investments:		
Associated companies (notes 1(a) and 2)	245,694,000	143,074,000
Sundry, at cost	317,000	317,000
	246,011,000	143,391,000
Property, plant and equipment, at cost (note 5(h)):		
Mining and smelting	30,037,000	50,307,000
Gas and oil	75,701,000	64,409,000
	105,738,000	114,716,000
Less accumulated depreciation and amortization	25,975,000	45,666,000
	79,763,000	69,050,000
	\$396,650,000	\$267,865,000

(See accompanying notes to consolidated financial statements)

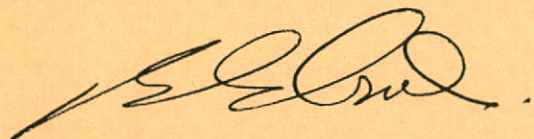
LIABILITIES AND SHAREHOLDERS' EQUITY**1982****1981****Current:**

Accounts payable and accrued charges	\$ 14,103,000	\$ 23,363,000
Income and mining taxes payable (note 5(f))	5,162,000	10,386,000
Total current liabilities	19,265,000	33,749,000
Provision for mine closures (note 3)	8,530,000	17,730,000
Deferred income taxes	13,909,000	8,707,000
Deferred revenue	9,112,000	2,340,000
Minority interest in subsidiaries	805,000	1,083,000
Shareholders' equity (notes 1(a) and 4):		
Share capital	177,711,000	42,627,000
Retained earnings	167,318,000	163,932,000
	345,029,000	206,559,000
Less the company's pro rata interest in its shares held by associated companies		(2,303,000)
	345,029,000	204,256,000
	\$396,650,000	\$267,865,000

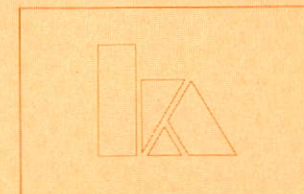
On behalf of the Board:



Ian D. Bayer, Director

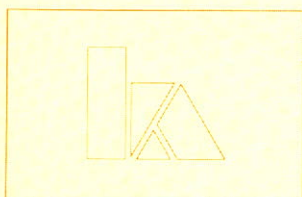


P. S. Cross, Director



Consolidated Statement of Changes in Financial Position

For the year ended
December 31, 1982
(with comparative
figures for 1981)



	1982	1981
Source of funds:		
Funds provided from operations	\$ 17,515,000	\$16,427,000
Deferred revenue	6,772,000	540,000
Dividends from associated companies	4,643,000	7,741,000
Proceeds from sale of fixed and other assets	1,044,000	22,000
Proceeds from issuance of shares for cash	126,000	637,000
Net increase in working capital resulting from liquidation of Zinor Holdings Limited (note 2) —		
Preferred shares of Noranda Mines Limited and Brascade Resources Inc. received on distribution of assets	\$ 39,042,000	
Kerr Addison's share of Zinor's income taxes recoverable	869,000	
Kerr Addison's share of Zinor's bank loans discharged	(11,101,000)	
	28,810,000	
	58,910,000	25,367,000
Application of funds:		
Investment in common shares of Noranda Mines Limited (note 2)	136,160,000	
Financed by —		
Issuance of common shares from treasury	(134,870,000)	
Cash	1,290,000	
Mine closure expenditures (net)	7,636,000	690,000
Dividends (excluding stock dividends of \$88,000 in 1982; \$90,000 in 1981)	5,609,000	5,547,000
Additions to property, plant and equipment	14,107,000	21,159,000
Dividends — paid to minority shareholders	332,000	
	28,974,000	27,396,000
Increase (decrease) in working capital	29,936,000	(2,029,000)
Working capital, beginning of year	21,675,000	23,704,000
Working capital, end of year	\$ 51,611,000	\$21,675,000

(See accompanying notes to consolidated financial statements)

Notes to Consolidated Financial Statements

December 31, 1982

1. Summary of significant accounting policies

(a) Basis of presentation of financial statements —

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in Canada and include, on a consolidated basis, the accounts of Kerr Addison Mines Limited and its subsidiary companies:

	Percentage ownership
Agnew Lake Mines Limited	100%
Keradamex, Inc.	100%
Kerramerican, Inc. (non-operating)	100%
Normetal Mines Limited	100%
Quemont Mines Limited	100%
Mogul of Ireland Limited	75%

Until September 30, 1982, the company accounted for its 27.3% interest in Zinor Holdings Limited ("Zinor") following the "equity method" of accounting for long-term investments. Under the equity method the investment in Zinor was initially recorded at cost and adjusted thereafter for the company's pro rata share of earnings (which were included in the consolidated statement of operations) less dividends received since the dates of the investment.

On September 30, 1982 the shareholders of Zinor agreed to liquidate the company. As a result of the liquidation and related transactions (see note 2), Kerr Addison acquired a direct interest of 10.4% in the outstanding common shares of Noranda Mines Limited ("Noranda") which is being accounted for following the "cost method" of accounting for long-term investments whereby the investment is initially recorded at cost (which, for the common shares of Noranda received on the distribution by Zinor of its assets, was deemed to be the proportion of the carrying value of the company's investment in Zinor's shares attributable to such Noranda common shares at the date of the liquidation) and earnings from the investment are recognized only to the extent that dividends are distributed from net accumulated profits of Noranda arising subsequent to the date of the acquisition of the Noranda common shares by the company.

Through its investment in Zinor, the company had an indirect interest in Noranda Mines Limited of 4.5% at September 30, 1982 (4.5% at December 31, 1981) while Noranda in turn owned 40.8% of the outstanding common shares of Kerr Addison. These reciprocal shareholdings resulted in the company having an interest of 1.8% in its own shares at September 30, 1982 (1.9% at December 31, 1981) which was deducted from shareholders' equity at that time. Similarly, the company's net income and net income per share have been determined after taking into account such intercompany shareholdings for the period to September 30, 1982. From October 1, 1982, with the commencement of the "cost method" of accounting for

long-term investments, this reciprocal accounting was discontinued.

(b) Exchange translation —

The financial statements of companies outside of Canada have been translated into Canadian dollars as follows: current assets and current liabilities at exchange rates prevailing at the year end; fixed assets, depreciation and amortization provisions on the basis of rates prevailing at dates of acquisition, and income and expenses (other than depreciation and amortization) at average rates during the year. Exchange gains or losses resulting from such translation practices are reflected in the consolidated statement of operations.

(c) Concentrates, bullion and metals —

Consistent with industry practice, the company records as revenue the value of production of concentrates, bullion, and metals awaiting settlement, in transit and on hand at estimated net realizable value. Purchased concentrates are valued at the lower of actual cost and net realizable value.

(d) Property, plant and equipment —

Additions to property, plant and equipment are recorded at cost and include previously deferred exploration and development expenditures on properties which have been brought into production. Depreciation of property, plant and equipment and amortization of development expenditures are provided at rates designed to write off the costs over the estimated service lives of the assets. Fixed assets are generally depreciated in equal annual amounts over their estimated service lives (which at December 31, 1982 range from 5 to 15 years) and

development expenditures are amortized on a unit-of-production basis.

(e) Exploration and development expenditures —

Gas and oil

The company participates through joint venture agreements with Noranda Mines Limited and others in certain gas and oil properties held by Canadian Hunter Exploration Limited and American Hunter Exploration Ltd. as trustees.

The company has adopted the full cost method of accounting for its gas and oil activities whereby all costs relating to the exploration for and development of gas and oil reserves are capitalized. Such costs include lease acquisition costs, geological and geophysical expenses, carrying charges on non-producing properties and costs of drilling both productive and non-productive wells. These costs are being amortized to income by the unit-of-production method based on estimated proven gas and oil reserves.

Minerals

Mineral exploration and development expenditures are charged against current earnings unless they relate to interests in properties where the reserves have the potential of being economically recoverable, in which case the expenditures are deferred. Upon disposal or abandonment of such interests, the net gain or loss is reflected in the consolidated statement of operations. If the properties are brought into production, deferred exploration and development expenditures relating thereto are reclassified with property,

plant and equipment and amortized as explained in note 1(d).

(f) Income taxes —

The company follows the tax allocation method of accounting for income taxes. Under this method, timing differences between reported and taxable income result in deferred income taxes. The principal timing differences relate to exploration and development expenditures and capital cost allowances which are claimed for tax purposes in years which are earlier, or later, than those in which the expenditures are written off or amortized and depreciation is charged in the consolidated statement of operations.

(g) Deferred revenue —

The company defers recognition of revenue received under contracts of sale of gas where the gas has not been delivered by agreement with the customer. The revenue will be recognized when the gas is delivered.

2. **Investment in associated companies**

On November 26, 1982 the net assets of Zinor Holdings Limited were distributed to its shareholders in proportion to their respective equity interests in the company. As consideration for its 27.3% interest in Zinor, Kerr Addison received:

- (i) 714,891 preferred shares of Brascade Resources Inc. ("Brascade") valued at Zinor's carrying value of \$27 per share and 220,141 preferred shares of Noranda valued at Zinor's carrying value of \$89.67 per share (which are included in the consolidated balance sheet as marketable securities), and

- (ii) 5,701,159 common shares of Noranda valued at the proportion of the carrying value of the company's investment in Zinor attributable to the Noranda common shares as at September 30, 1982.

The company also discharged its proportionate share (\$11,101,000) of Zinor's bank loan.

In a related transaction, the company purchased from Zinor the common shares of Noranda to which Frenswick Holdings Limited, another shareholder of Zinor, would have been entitled on the liquidation of Zinor for consideration as follows:

- (i) 7,492,822 common shares of Noranda in exchange for an equal number of common shares of Kerr Addison issued from the treasury at \$18 per share, and
- (ii) 80,000 common shares of Noranda for cash consideration of \$1,290,000.

As a result of these transactions the company owns 13,273,981, or 10.4%, of Noranda's total outstanding common shares which are carried in the consolidated balance sheet at \$245,694,000.

Noranda and its associated companies are engaged in businesses encompassing mining and metallurgy, manufacturing, forest products and oil and natural gas exploration and production. Condensed

financial information of Noranda Mines Limited for the years ended December 31, 1982 and 1981 is set out below:

	1982	1981
	(in \$000's)	
Earnings		
Revenue	\$2,830,197	\$3,030,394
Expense — including interest of \$145,525,000 (1981 — \$95,444,000)	2,955,144	2,854,618
	(124,947)	175,776
Income taxes	(65,890)	59,415
	(59,057)	116,361
Minority interest in earnings of subsidiaries	6,457	9,079
Earnings (loss) of Noranda and subsidiaries	(65,514)	107,282
Gain on disposal of tax benefits pursuant to the U.S. Economic Recovery Tax Act of 1981	57,229	
Gain on disposal of investment in British Columbia Forest Products Limited		76,704
Write-down of investment in Ontario mine project		(17,677)
Share of losses in associated companies	(74,659)	(1,503)
Earnings (loss) for the year	<u>\$ (82,944)</u>	<u>\$ 164,806</u>
Financial position		
Current assets	\$1,806,638	\$1,736,133
Investments in and advances to associated and other companies	1,097,333	1,159,265
Fixed assets — net	2,498,003	2,037,175
Other assets	302,916	316,071
	<u>\$5,704,890</u>	<u>\$5,248,644</u>
Current liabilities	\$ 764,896	\$ 869,101
Deferred taxes and other	363,985	377,612
Long-term debt	1,722,854	922,315
Minority interest in subsidiaries	147,273	210,204
Shareholders' equity	<u>2,705,882</u>	<u>2,869,412</u>
	<u>\$5,704,890</u>	<u>\$5,248,644</u>

3. Provision for mine closures

The provision for mine closures at December 31, 1982 includes estimated net expenditures to be incurred for reclamation, rehabilitation and closure of the Agnew Lake property and of other mining properties currently in operation or closed in prior years but for which rehabilitation costs are still being incurred. The net balance of the provision at December 31, 1982 was \$15,320,000 (1981 — \$30,869,000) of which \$6,790,000 (1981 — \$13,139,000) is included in the consolidated balance sheet as part of accounts payable and accrued charges and \$8,530,000 (1981 — \$17,730,000) as provision for mine closures. Due to receipt of governmental approval of the environmental program for the Agnew Lake property and better than anticipated expenditure experience in 1982, management is of the opinion that total expenditures to be incurred on mine closures will be less than originally estimated and accordingly the provision has been reduced by \$3,000,000.

4. Shareholders' equity

Details of share capital and dividends are as follows:

	Number of shares	
	1982	1981
(a) Share capital — Authorized:		
Common shares without par value	<u>25,000,000</u>	<u>12,500,000</u>
Issued and outstanding	<u>17,126,350</u>	<u>9,617,986</u>
Company's pro rata interest in its shares held by associated companies		<u>189,050</u>

(i) At a special general meeting of the shareholders held on November 22, 1982, the authorized share capital of the company was increased from 12,500,000 to 25,000,000 shares.

(ii) On November 25, 1982, 7,492,822 shares were issued at a value of \$18 per share as consideration for an equal number of common shares of Noranda purchased from Zinor Holdings Limited (see note 2).

(iii) 6,041 shares valued at \$88,000 were issued as stock dividends. As well, 4,100 shares were issued under the company's stock option plan for \$49,000 cash and 5,401 shares were issued under the company's stock purchase plan for \$77,000. At December 31, 1982, options on 24,600 shares were outstanding, exercisable at prices varying from \$11.53 to \$15.91 for periods up to 1991.

	1982	1981
(b) Dividends —		
Dividends declared during year	\$5,776,000	\$5,765,000
Less company's pro rata share of dividends paid to associated companies	(80,000)	(128,000)
Net charge to retained earnings	<u>\$5,696,000</u>	<u>\$5,637,000</u>

(c) Net income per share —
Net income per share is calculated based on the weighted average number of shares outstanding during the year.

Notes to Consolidated Financial Statements (continued)

5. Other information

(a) Segmented information —

The company operates primarily in two industries — mining and smelting, and gas and oil, and in three geographic areas — Canada, the United States and Ireland. The mining and smelting industry comprises the mining and sales of gold from the Kerr mine, lead/zinc from Mogul of Ireland (which ceased operations during 1982) and the zinc reduction activities of the Canadian Electrolytic Zinc operation. The gas and oil industry comprises the company's interest in the Canadian Hunter and American Hunter joint ventures. Results of the discontinued Agnew Lake operation are not included. Information regarding industry and geographic segments is set out below:

(b) Related party transactions —

The company participates in a number of transactions with Noranda Mines Limited (Noranda) and its affiliated companies (the Noranda Group). Details of significant transactions with the Noranda Group are set out below:

(i) Liquidation of Zinor Holdings Limited —

All of the shareholders of Zinor Holdings Limited were members of the Noranda Group. Details of the liquidation transactions are set out in note 2.

(ii) Canadian Hunter and American Hunter —

The company has direct and undivided interests of 11.1% and 8.5% respectively in all of the

gas and oil properties, production and related activities of Canadian Hunter and American Hunter. Noranda is the major holder and operator of both of these ventures.

(iii) Canadian Electrolytic Zinc —

The company has a direct and undivided interest of 9.8% in all of the properties, production and related activities of Canadian Electrolytic Zinc (CEZ) and the balance is owned by Noranda. The company's portion of zinc concentrate purchased on the company's behalf by CEZ from the Noranda Group amounted to approximately \$9,692,000.

	1982 (in \$000's)						1981 (in \$000's)					
	Industry Segments			Geographic Segments			Industry Segments			Geographic Segments		
	Mining and smelting	Gas and oil	Consolidated	Canada	U.S.A.	Ireland	Mining and smelting	Gas and oil	Consolidated	Canada	U.S.A.	Ireland
Value of production	\$42,745	\$ 12,266	\$ 55,011	\$ 42,190		\$12,821	\$57,505	\$ 10,082	\$ 67,587	\$ 45,468		\$22,119
Cost of production	34,469	523	34,992	21,613	\$ 55	13,324	45,725	488	46,213	22,578	\$ 181	23,454
	8,276	11,743	20,019	20,577	(55)	(503)	11,780	9,594	21,374	22,890	(181)	(1,335)
Outside exploration expenses	3,174		3,174	2,789	385		3,159		3,159	2,225	934	
Depreciation and amortization	567	2,814	3,381	3,381			511	2,614	3,125	3,125		
Segment operating profit (loss)	\$ 4,535	\$ 8,929	13,464	14,407	(440)	(503)	\$ 8,110	\$ 6,980	15,090	17,540	(1,115)	(1,335)
Dividends and interest income			3,964	3,030		934			4,308	3,064		1,244
Administrative and general expenses			(987)	(974)	(13)				(757)	(750)	(7)	
Income and mining taxes			(6,483)	(6,445)	(3)	(35)			(6,888)	(7,117)	(3)	232
Minority interest in profit (loss) of a subsidiary company			(54)			(54)			338			338
Foreign currency translation gain (loss)			(277)	(16)	20	(281)			(469)		10	(479)
Share of earnings of associated companies			(3,170)	(3,170)					11,922	11,922		
Other items (net)			2,625	1,761		864			22,473	22,473		
Net income (loss) for the year			\$ 9,082	\$ 8,593	\$ (436)	\$ 925			\$ 46,017	\$ 47,132	\$ (1,115)	Nil
Identifiable assets	\$22,390	\$ 77,456	\$ 99,846	\$ 80,054	\$17,159	\$ 2,633	\$33,152	\$ 70,758	\$ 103,910	\$ 78,522	\$13,054	\$12,334
Corporate assets			296,804	296,804					163,955	163,955		
Total assets			\$ 396,650	\$376,858	\$17,159	\$ 2,633			\$ 267,865	\$242,477	\$13,054	\$12,334
Capital expenditures	\$ 2,815	\$ 11,292	\$ 14,107	\$ 8,850	\$ 5,257	\$ Nil	\$ 2,849	\$ 18,310	\$ 21,159	\$ 11,108	\$ 9,938	\$ 113

Canadian production includes exports of \$10,808,000 in 1982 (\$6,400,000 in 1981) primarily to customers in the United States.

KERR ADDISON MINES LIMITED

INFORMATION CIRCULAR for ANNUAL MEETING OF SHAREHOLDERS to be held May 7, 1982

This Information Circular accompanies the Notice of the Annual Meeting of Shareholders of the Corporation to be held May 7, 1982, and is furnished in connection with the solicitation of proxies by management of the Corporation for use at said meeting. The solicitation will be primarily by mail, but proxies may also be solicited by regular employees of the Corporation. The cost of solicitation by management will be borne by the Corporation.

The persons named in the enclosed form of proxy are officers of the Corporation. **If, however, a shareholder desires to appoint some other person (who need not be a shareholder) to represent him at the meeting other than those designated in the form of proxy, he may do so by inserting such other person's name in the blank space provided in the form of proxy or by completing another form of proxy.**

A shareholder who has given a proxy may revoke it at any time prior to its use either, (a) by signing a proxy bearing a later date and delivering it to the Secretary of the Corporation, or (b) by signing written notice of revocation and delivering it to the Secretary of the Corporation or the Chairman of the meeting.

The persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed nominees, subject to the provisions of Section 121 of The Business Corporations Act of Ontario. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting, and with respect to other matters which may properly come before the meeting.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

There are 9,619,915 common shares without par value of the Corporation outstanding, and shareholders of record at the time of the meeting are entitled to one vote for each share held, at such meeting and at any adjournment thereof.

Management of the Corporation understands that Noranda Mines Limited is the only person or company which owns beneficially, directly or indirectly, shares carrying more than 10% of the voting rights attached to all of the outstanding shares of the Corporation, owning 4,099,046 common shares, or approximately 42.6% of the outstanding shares of the Corporation.

ELECTION OF DIRECTORS

The management of the Corporation proposes to nominate the persons listed below for election as directors of the Corporation to serve until the next annual meeting or until their successors are elected or appointed. All such proposed nominees are now directors of the Corporation and have been since the dates indicated. **It is the intention of the persons named in the enclosed form of proxy to vote for the election of the proposed nominees as directors.** If any of such nominees should be unable to serve as a director for any unforeseen reason, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. Mr. William James has recently indicated that he may be unable to stand for re-election by the time of the Annual Meeting. Should this be the case, another nominee will be announced by management at, or before, the Annual Meeting.

<i>Name and Office Held with the Corporation</i>	<i>Principal Occupation</i>	<i>Became Director</i>	<i>Number of shares of the Corporation Beneficially Owned</i>
P. S. Cross <i>Executive Vice-President</i>	Executive Vice-President of the Corporation.	1978	3,000
Allan Findlay, Q.C.	Partner in Law Firm of Tilley, Carson & Findlay.	1972	500
J. O. Hinds	Senior Vice-President — Exploration and Development of Noranda Mines Limited.	1974	300
†*William James <i>President and Chief Executive Officer</i>	President of the Corporation and Executive Vice-President of Noranda Mines Limited, for more than five years.	1973	8,004
†James W. McCutcheon, Q.C.	Partner, Shibley, Righton & McCutcheon, Barristers and Solicitors.	1975	200
D. G. Neelands, Q.C.	Company Director.	1973	200
*J. P. W. Ostiguy, O.C.	Chairman of Greenshields Incorporated (Investment Dealers).	1968	100
†*Alfred Powis	Chairman and President of Noranda Mines Limited.	1969	2,300
†*W. H. Rea, C.M.	Vice-President of The Mutual Life Assurance Company of Canada.	1963	1,000
*W. S. Row <i>Chairman of the Board</i>	Chairman of the Board of the Corporation.	1955	1,100
D. E. G. Schmitt	President of Pamour Porcupine Mines, Limited, prior to which he was also Senior Vice-President — Mines of Noranda Mines Limited, for more than five years.	1973	100

* Members of the Executive Committee. † Members of the Audit Committee.

NOTE: The number of shares owned, as shown above, are as reported by the respective nominees.

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

1. The following table sets forth the aggregate remuneration paid or payable by the Corporation and its subsidiaries to its directors and five of the senior officers in respect of the fiscal year ended December 31, 1981, and the estimated aggregate cost to the Corporation and its subsidiaries for that year of all pension benefits proposed to be paid to those directors and senior officers under existing plans in the event of retirement at normal retirement age:

		<i>Nature of Remuneration</i>	
		<i>Aggregate remuneration</i>	<i>Estimated aggregate cost of pension benefits</i>
(i)	Eleven directors (in their capacity as such),		
(A)	from the Corporation and its wholly-owned subsidiaries	<u>\$ 54,850</u>	
(B)	from partially-owned subsidiaries;		
	Mogul of Ireland Limited	<u>\$ 4,068</u>	
(ii)	Five senior officers (includes highest paid employees) — from the Corporation	<u>\$ 375,146</u>	<u>\$ 12,375</u>

2. Under a share purchase plan established in 1970, the Corporation from time to time advances money by way of interest-free loan to a trustee to be applied in payment of the subscription price of shares of the Corporation to be purchased by the trustee for sale to certain officers and senior management employees, in accordance with the by-laws of the Corporation and The Business Corporations Act. In this regard, in February 1981, an interest-free loan in the aggregate amount of \$417,075 was advanced to the trustee to finance the purchase by the trustee of 24,900 shares of the Corporation at the then current market price of \$16.75 per share. This amount remains outstanding. These shares were sold by the trustee to eight key employees at the same price per share and on the same terms. The trustee retains custody of the shares until payment is made by the employees to the trustee, which is required within seven years.
3. During 1981 and 1982 to date, senior officers of the Corporation purchased common shares of the Corporation pursuant to stock options granted to them in previous years by the Corporation, as follows:

<i>Quarter in 1981/1982</i>	<i>Total number of shares purchased</i>	<i>Range of purchase prices per share</i>	<i>Price Range of Shares on Toronto Stock Exchange in 30 day period preceding purchases</i>
April-June 1981	4,200	\$13.42 - \$11.53	\$20 ⁶ / ₈ - \$19
July-Sept. 1981	225	\$12.02	\$23 ⁴ / ₈ - \$19 ³ / ₈

APPOINTMENT OF AUDITORS

The persons named in the enclosed form of proxy intend to vote for the re-appointment of Messrs. Clarkson Gordon, Chartered Accountants, Toronto, as auditors of the Corporation, to hold office until the next Annual Meeting of Shareholders. Messrs. Clarkson Gordon (formerly known as Clarkson, Gordon & Co.) have been auditors of the Corporation for more than five years.

OTHER BUSINESS

Management of the Corporation knows of no matters to come before the meeting other than the matters referred to in the Notice of Meeting. However, if matters not now known to management should come before the meeting, shares represented by proxies solicited by management will be voted on each such matter in accordance with the best judgement of the nominees voting same.

Toronto, Ontario,
March 26, 1982.

(iv) *Marketing and administrative services —*

The Noranda Group markets substantially all of the company's production and renders technical and administrative services to the company. During 1982 marketing fees were \$243,000 and fees for technical and administrative services were \$166,000.

(v) *Short-term investment pool —*

The company participates in a short-term investment pool with the Noranda Group. The pool is operated to provide participating companies with the opportunity to invest or borrow funds on a short-term demand basis within the group. Over the year the company had an average deposit balance in the pool of \$809,000 and interest earned on these funds amounted to \$147,000. At the year end, the deposit in the pool was \$750,000.

(c) Interest expense included in the consolidated statement of operations is \$16,000 for 1982 (\$159,000 for 1981).

(d) Capital expenditures for 1983 are estimated to be approximately \$8,500,000.

(e) Included in gain on disposal of investments and other assets in 1982 is a gain of \$986,000 resulting from the sale of property, plant and equipment and other assets (\$20,000 in 1981).

(f) Included in income and mining taxes payable are deferred income taxes of \$1,588,000 (\$2,246,000 in 1981).

(g) Included in accounts and interest receivable is \$2,054,000 which is the estimated payment receivable for 1982 under the Petroleum Incentives Program. This has been credited to the company's investment in gas and oil properties.

(h) Due to the cessation of operations of Mogul of Ireland Limited during the year, its fixed assets and the related accumulated depreciation (both in the amount of \$22,905,000) have been removed from the accounts.

6. **1981 comparative figures**

Certain of the 1981 figures presented for comparison purposes have been reclassified to conform to the presentation adopted for 1982.

